The Inclusive Prosperity Act of 2015

The Inclusive Prosperity Act of 2015 would impose a tax of a fraction of a percent on trades of stocks, bonds and derivatives. This Wall Street speculation fee is designed to reduce speculation and high-frequency trading that has threatened financial markets. It would also raise revenue that can be used to employ Americans to expand educational opportunities, upgrade our infrastructure, protect our environment, and make other investments in our future. This legislation would not tax investors, retirees, or parents saving to send their kids to college. Instead, this bill would impose a tax on Wall Street investment houses, hedge funds, and other speculators. If those Wall Street investment houses chose to pass the tax along to investors, this legislation would provide a tax credit to individuals making under $50,000 and couples making under $75,000 to ensure that they would not be affected.

A Tax with a Very Low Rate

Under the Act, trades would be taxed at a rate of 0.5 percent for stocks, 0.1 percent for bonds, and 0.005 percent for derivatives. This means, for example, that a trade of $1,000 in stocks would be subject to a tax of $5. A trade of $1,000 in swaps or other derivatives would be subject to a tax of five cents.

Making Our Economy Safer

Even at such low rates, the tax can provide a huge benefit by reducing one particular type of trading that does not benefit our economy: high-frequency trading that rewards technological schemes rather than investing in productive businesses. For example, some traders have focused their energy on obtaining information about trades a fraction of a second before others, sometimes by locating their computers physically closer to where trades are happening. These computers then rush to buy or sell before others can respond, turning what would otherwise be a ripple in the market into a tidal wave that destabilizes the financial system.

Raising Revenue to Invest in America's Future

While estimates vary, this proposed tax would raise hundreds of billions, if not trillions, of dollars in revenue over the coming decade. This revenue can be put towards the public investments that most economists agree would enhance our economic growth and provide broad-based prosperity, like education, infrastructure upgrades, and environmental protection.

This Is Not a Radical Idea

There is considerable precedence for this. The U.S had a Wall Street speculation fee from 1914 to 1966. In 1914, the tax was 0.02% on all sales or transfers of stock. In 1932, Congress more than doubled that tax to help finance the government during the Great Depression. And, today some 40 countries throughout the world have imposed a financial transactions tax including Britain, Germany, France, Switzerland, China, India, South Korea, Hong Kong, Singapore, Taiwan, and Brazil.

Why Do We Need a Fee on Wall Street Speculation?

One of the major reasons why the middle class is collapsing and the gap between the rich and everyone else is growing wider and wider is because of the greed, recklessness, and illegal behavior on Wall Street. Millions of Americans lost their homes, life savings, and ability to pay for college because Wall Street gamblers crashed the economy in 2008.

During the financial crisis, the taxpayers of this country provided Wall Street with the largest bailout in the history of this world — $700 billion from the Treasury Department and $16 trillion in total financial assistance from the Federal Reserve.

While Wall Street has fully recovered from the recession and, in many cases has never had it so good, the typical middle class family is earning less income today than it did 26 years ago and students are drowning in debt. It is time for Wall Street to pay society back for the tremendous damage it did to the middle class of this country.

Who Supports the Idea of a Wall Street Speculation Fee?

More than 1,000 economists have endorsed a tax on financial speculation and 11 European countries have committed to enacting a financial transaction tax by January 2016. The idea is also supported by more than 170 organizations in the U.S., including the AFL-CIO, National Nurses United, the National Organization for Women, NETWORK, Oxfam America, Public Citizen, the Sierra Club and many others.